

THE CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION

THE MECHANICS OF A BOND SALE

April 30 – May 1, 2009
Crowne Plaza Redondo Beach and Marina
Redondo Beach, California

AGENDA

THURSDAY, APRIL 30

8:00 AM **Registration/Distribution of Seminar Materials/Breakfast**

8:30 AM **Seminar Welcome and Opening Remarks**

*John Decker, Executive Director,
California Debt and Investment Advisory Commission*

8:45 AM **Determining Debt Capacity**

The “right” amount of debt capacity is unique to each public agency and is largely a policy choice of what projects the government wishes to provide, how it wants to fund them, and how much it wants to pay. There are numerous measures of capacity that can be contradictory and confusing. This session provides a discussion of the various measures of debt capacity and the appropriateness given the circumstances.

9:45 AM **Debt Management Policy and Plan of Finance**

Issuers adopt debt management policies to guide debt issuance decisions and improve public accountability. This session discusses steps issuers can take to adopt an appropriate strategy. It also demonstrates how the plan of finance is used in establishing an optimal approach for planning capital projects. The speakers guide participants on debt policy maintenance as well as provide examples of how local government officials have used debt management policies in practice.

10:45 AM **Break**

11:00 AM **Structuring the Financing**

This session covers key points to consider in structuring a financing once the decision is made to issue debt and the plan of finance has been determined. Speakers address the process of identifying debt financing alternatives, sizing the debt issue, calculating and scheduling debt service, and determining the various features of the issue. Speakers also discuss the pros and cons of fixed-rate versus variable-rate financing. In addition, a discussion of the purpose of credit enhancement and its role in rating determinations provides attendees with the tools to assess its relevance and value to their issuance.

12:30 PM **Luncheon**

1:30 PM **Understanding the Role of Credit Ratings**
Credit ratings can influence investor's decisions to buy an issuer's bonds and can impact the structuring of debt. This session provides the range of factors rating agencies and investment analysts look at in evaluating the credit quality of a bond issue. In addition, the session describes the credit rating process, when analysis begins and ends, and meetings with the rating agencies.

3:00 PM **Break**

3:15 PM **The Legal Documents**
This session provides an overview of the roles and responsibilities of the issuer and financing team in the preparation of legal documents for debt issuance. The speaker addresses the process of negotiating terms of the documents, importance of issuer involvement in drafting the Preliminary and Final Official Statements, and the commitments contained in these documents.

4:30 PM **Adjournment**

FRIDAY, MAY 1

8:00 AM **Check-in/Breakfast**

8:30 AM **Marketing and Pricing an Issue**
The session covers the process of marketing and pricing an issue. The speaker discusses how economic forces can impact the marketability and pricing of an issue and the steps an issuer can take to ensure bonds are issued at the best price.

10:00 AM **Break**

10:15 AM **Investing Bond Proceeds**
This session covers the instruments in which bond proceeds may be invested. The session offers guidance on selecting appropriate investments given the characteristics of the issue and arbitrage considerations, as well as documentation and investment considerations that should be addressed before, during, and after a bond sale. The session also covers how the agency's investment objectives and investment policies influence the debt issuance process, as well as the importance of ongoing monitoring.

11:15 AM **Issuer Roles and Responsibilities Before the Closing**
This session covers essential administrative procedures important to conduct before the bond closes. The session highlights items such as setting up pre-closing items, establishing accounts, reporting systems, ongoing disclosure requirements, and determining reporting periods for debt service project or construction funds.

NOON **Closing Remarks**

Speakers to be announced.